

HUD PD&R Regional Reports

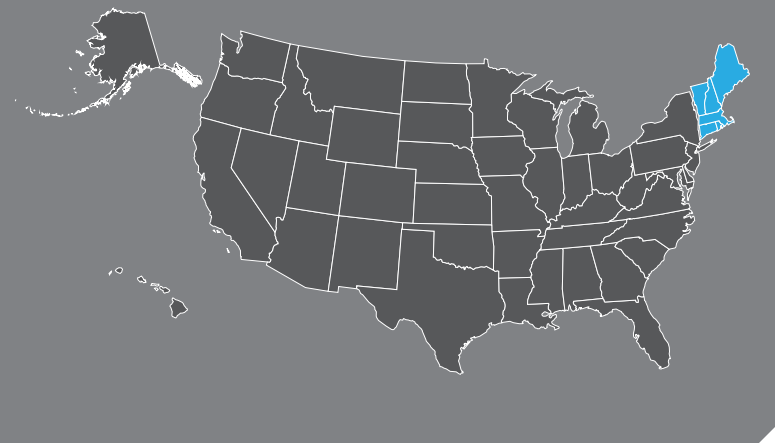
Region 1: New England



Providence, Rhode Island

Quick Facts About Region 1

- **Sales market conditions—**
Fourth quarter 2022: tight
Third quarter 2022: tight
Fourth quarter 2021: tight
- **Apartment market conditions—**
Fourth quarter 2022: mixed (balanced to tight)
Third quarter 2022: mixed (balanced to tight)
Fourth quarter 2021: mixed (balanced to tight)



By Diana Villavicencio | 4th Quarter 2022

Overview

During the fourth quarter of 2022, the New England region added jobs, but nonfarm payrolls were below the average during the fourth quarter of 2019, the highest fourth quarter figure on record. Nonfarm payrolls in the region rose in all 11 sectors during the fourth quarter of 2022, although job growth decelerated regionwide on a year-over-year basis. Despite the slowdown, four sectors had more jobs during the fourth quarter of 2022 than during the fourth quarter of 2019, before the COVID-19 pandemic. All six states in the region gained jobs, but job growth slowed in five states compared with a year earlier, and jobs were below prepandemic levels in four states during the fourth quarter of 2022. Partly because of improved economic conditions and a low inventory of homes for sale, sales markets remained tight, unchanged from a year ago, but increasing mortgage interest rates contributed to a decrease in home sales and slower average home sales price growth from a year earlier. Apartment market conditions in the eight largest metropolitan areas in the region ranged from balanced to tight, unchanged from a year earlier.

- Year-over-year nonfarm payroll growth during the fourth quarter of 2022 ranged from a 1.6-percent increase

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in Vermont to a 3.9-percent rise in Massachusetts, the only state in the region with job growth faster than the 3.2-percent rate for the nation. The professional and business services, the education and health services, and the leisure and hospitality sectors accounted for 58 percent of overall job gains in the region; every state had job gains in all three sectors.

- During the 12 months ending November 2022, nationwide home sales decreased 10 percent compared with a year ago, slower than the 15-percent decline nationwide, and average home sales prices in the region were up

8 percent, compared with a 9-percent increase nationally (CoreLogic, Inc., with adjustments by the analyst). New home construction, as measured by the number of single-family homes permitted, increased in the region and declined nationwide.

- Apartment vacancy rates rose in seven of the eight markets cited in this report during the fourth quarter of 2022 compared with a year ago, partly because of a 29-percent increase regionwide in new apartment completions; average rents increased in all eight markets from a year earlier (CoStar Group).

Economic Conditions

Nonfarm payrolls in the New England region increased during the fourth quarter of 2022, but the rate of job growth decelerated compared with a year ago. During the fourth quarter of 2022, nonfarm payrolls rose by 222,800 jobs, or 3.0 percent, to 7.57 million, slowing from a 3.9-percent increase during the fourth quarter of 2021. The regional rate of job growth during the fourth quarter of 2022 was the fourth slowest among the 10 HUD-defined regions, the same ranking from a year earlier. With these job gains, nonfarm payrolls in the region were 7.1 percent above the level during the fourth quarter of 2020 but 0.6 percent below the level during the fourth quarter of 2019; Maine and Massachusetts were the only states with more jobs compared with the fourth quarter of 2019. By comparison, nonfarm payrolls in the nation rose at a 3.2-percent rate during the fourth quarter of 2022 and

were 7.6 and 1.3 percent, respectively, above the levels during the fourth quarters of 2020 and 2019.

Regionwide job growth occurred in all 11 payroll sectors during the fourth quarter of 2022. The professional and business services, the education and health services, and the leisure and hospitality sectors led job growth, contributing 20, 19, and 19 percent, respectively, of net gains during the fourth quarter of 2022. Because of the sectorwide job gains, four sectors surpassed fourth quarter 2019 job levels, including the professional and business services; the mining, logging, and construction; the transportation and utilities; and the information sectors. The new fourth quarter sector highs in the mining, logging, and construction; the transportation and utilities; and the information sectors occurred partly because

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Nonfarm payrolls in the New England region increased in all 11 sectors during the fourth quarter of 2022.

	Fourth Quarter		Year-Over-Year Change	
	2021 (Thousands)	2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	7,349.9	7,572.7	222.8	3.0
Goods-Producing Sectors	919.2	951.9	32.7	3.6
Mining, Logging, & Construction	336.9	354.5	17.6	5.2
Manufacturing	582.3	597.5	15.2	2.6
Service-Providing Sectors	6,430.7	6,620.8	190.1	3.0
Wholesale & Retail Trade	1,011.1	1,027.8	16.7	1.7
Transportation & Utilities	238.3	247.7	9.4	3.9
Information	153.0	159.5	6.5	4.2
Financial Activities	448.5	453.9	5.4	1.2
Professional & Business Services	1,103.1	1,147.3	44.2	4.0
Education & Health Services	1,562.2	1,605.3	43.1	2.8
Leisure & Hospitality	665.7	707.9	42.2	6.3
Other Services	262.2	265.5	3.3	1.3
Government	986.7	1,005.9	19.2	1.9

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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of increased housing construction, continued growth in the delivery of e-commerce goods, and an increase in publishing jobs, respectively. Nationally, eight sectors surpassed the fourth quarter 2019 levels, including the same four as in the region plus the education and health services, the wholesale and retail trade, the manufacturing, and the financial activities sectors.

The unemployment rate in the region averaged 3.1 percent during the fourth quarter of 2022, down from 4.0 percent a year earlier and below the 3.3-percent rate for the nation. Unemployment rates declined in five states in the region and remained unchanged, at 2.5 percent, in New Hampshire. In Connecticut, where the rate declined 1.0 percentage point, the unemployment rate was 3.5 percent, the highest statewide rate in the region and the 19th highest in the nation. The lowest statewide unemployment rate in the region was in Vermont, at 2.3 percent, the sixth lowest nationwide.

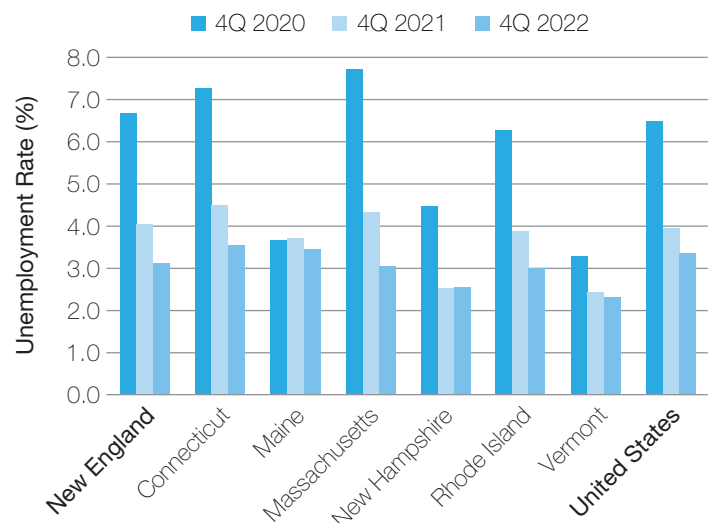
During the fourth quarter of 2022—

- The fastest year-over-year job growth in the region occurred in Massachusetts, where nonfarm payrolls rose by 3.9 percent, or 139,700 jobs, to nearly 3.75 million, compared with a 4.9-percent growth rate a year earlier. The professional and business services, the education and health services, and the leisure and hospitality sectors added the most jobs, accounting for 22, 19, and 18 percent of overall statewide job growth, respectively.
- Jobs rose at a 3.1-percent rate in Maine, or by 19,400 jobs, to 644,300, compared with a 2.3-percent increase a year earlier. With 5,000 jobs added, or an 8.6-percent gain, the leisure and hospitality sector accounted for approximately one-quarter of the growth in the state, followed by the professional and business services and the education and health services sectors, which added 3,600 jobs each, increasing 5.0 and 2.9 percent, respectively.
- In Rhode Island, jobs rose at a rate of 2.2 percent, or by 10,600 jobs, to 501,200, compared with a 3.8-percent increase a year earlier. Most of the job growth was in the education and health services and the mining, logging, and

construction sectors, which added 3,200 and 2,700 jobs, or gains of 3.1 and 12.9 percent, respectively.

- The rates of job growth were 2.1 percent in both Connecticut and New Hampshire, and the number of jobs increased by 34,000 and 14,200, to 1.69 million and 690,400 jobs, respectively, compared with increases of 2.9 and 3.8 percent a year earlier. The leisure and hospitality sector increased the most in Connecticut, contributing 8,900 jobs, and jobs in the professional and business services sector increased the most in New Hampshire, up by 6,600 jobs.
- Nonfarm payrolls in Vermont rose at a rate of 1.6 percent, or 4,900 jobs, to 305,700, slower than the 3.1-percent increase during the fourth quarter of 2021. A combined 55 percent of the job gains in the state during the fourth quarter of 2022 were in the government and the education and health services sectors, which added 1,600 and 1,100 jobs, respectively.

Unemployment rates fell or were unchanged throughout the New England region during the fourth quarter of 2022, and the regional rate was below the national rate.



4Q = fourth quarter.

Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Home sales market conditions were tight throughout the New England region during the fourth quarter of 2022, unchanged from a year earlier. Conditions were tight, in part because of continued economic growth and a continued low supply of homes for sale. Home sales declined and prices grew at slower rates, however, during the past year, partly because the average 30-year fixed mortgage rate increased. In December 2022, the average interest rate for a 30-year fixed-rate mortgage was 6.4 percent, up from 3.1 percent 1 year earlier (Freddie Mac). The supply of for-sale inventory in the region rose slightly to 1.2 months in December 2022 from 1.1 months in December 2021; nationally, the supply of homes for sale rose to 2.1 months from 1.2 months a year earlier (CoreLogic, Inc.). In Vermont, the supply of for-sale inventory increased the most in the region, to 1.6 months, in December 2022, up from 1.0 month in December 2021, and was the highest inventory of homes for sale in the region. Maine had a 0.5-month increase, to 1.3 months. The months of supply in New Hampshire and Massachusetts were up 0.4 month each, to 1.2 and 1.1 months, respectively. In Rhode Island, the supply was 1.3 months, unchanged from 1 year earlier, whereas, in Connecticut, the supply declined 0.4 month to 1.3 months.

Regionwide home sales declined during the 12 months ending November 2022, the first 12-month period ending in November with a decline since 2014. Home sales in the region decreased 10 percent during the 12 months ending November 2022, to approximately 240,800 home sales, following an 8-percent

increase during the previous year, but at a slower rate than the 15-percent decline for the nation (CoreLogic, Inc., with adjustments by the analyst). Home sales were reduced in all states in the region, ranging from 6 percent in Maine to 18 percent in Vermont. Home sales decreased in the eight major metropolitan areas highlighted in this report. Among metropolitan areas, the lowest rate of sales decline, 6 percent, occurred in the Worcester metropolitan area, and the greatest decrease, 19 percent, occurred in the Portland metropolitan area.

Home sales prices increased in the region during the 12 months ending November 2022 but at a slower rate than the previous year. During the 12 months ending November 2022, the average home sales price in the New England region rose 8 percent to \$505,600, compared with a 13-percent increase during the previous year; nationwide, sale prices rose 9 percent to \$403,500, slower than the 17-percent gain during the previous year (CoreLogic, Inc., with adjustments by the analyst). Average home sales prices rose in all six states in the region, ranging from an increase of 3 percent in Connecticut to 15 percent in New Hampshire. Average home sales prices rose in the eight major metropolitan areas, ranging from a 2-percent increase in the Bridgeport metropolitan area to 12-percent increases in the Burlington and Portland metropolitan areas.

Continued job growth in the region contributed to a decrease in the percentage of home loans that were seriously delinquent or had transitioned into real estate owned (REO) status during

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The number of homes sold decreased in all six states in the New England region during the 12 months ending November 2022, and the average home sales price rose in all of the states.

	12 Months Ending	Number of Homes Sold				Price		
		2021	2022	Percent Change	Average	2021 (\$)	2022 (\$)	Percent Change
Connecticut (N&E)	November	63,400	56,800	-10	AVG	\$418,000	\$430,400	3
Bridgeport, CT (N&E)	November	17,550	14,800	-16	AVG	\$716,800	\$730,300	2
Hartford, CT (N&E)	November	20,850	19,100	-8	AVG	\$297,600	\$316,200	6
Maine (N&E)	November	28,250	26,500	-6	AVG	\$327,600	\$350,700	7
Portland, ME (N&E)	November	13,850	11,250	-19	AVG	\$422,400	\$473,900	12
Massachusetts (N&E)	November	111,000	101,100	-9	AVG	\$597,200	\$648,000	9
Boston, MA (N&E)	November	75,300	67,450	-10	AVG	\$672,200	\$740,400	10
Worcester, MA-CT (N&E)	November	16,300	15,350	-6	AVG	\$366,800	\$401,300	9
New Hampshire (N&E)	November	30,900	26,250	-15	AVG	\$350,700	\$401,900	15
Manchester, NH (N&E)	November	7,825	6,725	-14	AVG	\$371,500	\$411,700	11
Rhode Island (N&E)	November	18,050	15,950	-12	AVG	\$409,100	\$451,000	10
Providence, RI-MA (N&E)	November	26,650	23,800	-11	AVG	\$407,700	\$449,100	10
Vermont (E)	November	17,250	14,200	-18	AVG	\$304,300	\$340,100	12
Burlington, VT (E)	November	4,775	4,075	-15	AVG	\$352,800	\$394,400	12

AVG = average. E = existing. N&E = new and existing.

Source: CoreLogic, Inc., with adjustments by the analyst



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the past year. As of November 2022, 1.2 percent of home loans in the region were seriously delinquent or in REO status, down from 2.1 percent in November 2021 and lower than the rate of 4.1 percent in November 2020 (CoreLogic, Inc.). The current rate is identical to the national rate and is the fifth lowest of the 10 HUD regions. Rates of seriously delinquent mortgages and REO properties in the region ranged from a low of 0.8 percent in New Hampshire to 1.7 percent in Connecticut.

Homebuilding activity in the region during the fourth quarter of 2022 increased to the highest fourth quarter level since 2007 in response to continued tight market conditions, with increased permitting in four states in the region.

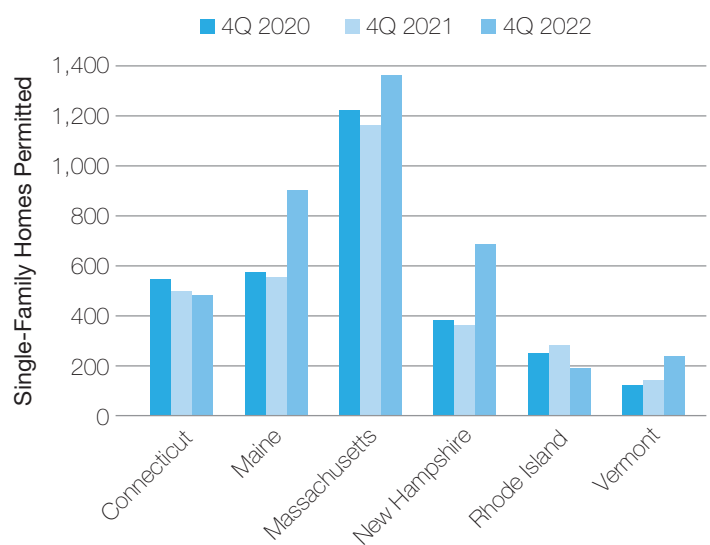
During the fourth quarter of 2022 (preliminary data)—

- Homebuilding in the region totaled nearly 3,875 homes, up 29 percent from the fourth quarter of 2021, following a 3-percent decrease a year earlier. By comparison, the number of single-family homes permitted nationally fell 21 percent during the fourth quarter of 2022, following a 6-percent decrease a year earlier.
- Construction in Maine and New Hampshire rose by 350 and 330 homes, or 63 and 91 percent, respectively. The Portland metropolitan area accounted for 14 percent of the net increase in Maine, whereas the Manchester metropolitan area accounted for 17 percent of the net increase in New Hampshire.
- Homebuilding activity in Massachusetts and Vermont increased by 200 and 95 homes, or 17 and 65 percent higher than the number of homes permitted a year ago, respectively. In Massachusetts, permitting rose in 9 of the 14 counties, with the largest increase occurring in Worcester County, which is part of the Massachusetts portion of the

Worcester metropolitan area; in Vermont, nearly all the increase occurred outside the Burlington metropolitan area.

- Single-family home permitting in Connecticut declined by 15 homes, or 3 percent, to 480 homes and decreased in Rhode Island by 90 homes, or 32 percent, to 190 homes. In Connecticut, permitting declined in the Bridgeport and Hartford metropolitan areas, whereas, in Rhode Island, permitting decreased in the county of Providence, which is part of the Rhode Island portion of the Providence metropolitan area.

Single-family homebuilding activity during the fourth quarter of 2022 in the New England region was up from a year ago, with gains in four states.



4Q = fourth quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions ranged from balanced to tight in the eight major metropolitan areas referenced in this report during the fourth quarter of 2022. Apartment vacancy rates increased in seven of the metropolitan areas, but the vacancy rates for all eight major metropolitan areas were below the national rate of 6.3 percent (CoStar Group). The largest increase in the vacancy rate occurred in the Hartford metropolitan area, where the rate rose 1.0 percentage point to 4.5 percent, despite a 2-percent decline in apartment unit completions (Global Commercial Real Estate Services). The vacancy rate rose 0.8 percentage point to 2.6 percent in the Manchester metropolitan area, partly because apartment completions increased 46 percent. The vacancy rates rose 0.7 and 0.5 percent each in the Boston and Providence metropolitan areas to 5.0 and 2.8 percent, respectively. In the

Boston metropolitan area, vacancy rates increased in 17 of the 31 CoStar Group-defined market areas (hereafter, market areas) partly because apartment completions rose 55 percent across the metropolitan area. The largest apartment vacancy rate increase in the metropolitan area was in the Metro West market area, where the rate rose from 2.4 to 8.9 percent due in part to a fourfold increase in apartment unit completions during the past year, to nearly 1,150 units. In other parts of the New England region, the apartment vacancy rate in the Worcester and Bridgeport metropolitan areas rose 0.4 percentage point to 3.4 and 5.9 percent, respectively, and rose 0.3 percentage point to 3.5 percent in the Portland metropolitan area. The vacancy rate declined 0.7 percentage point to 2.8 percent in the Burlington metropolitan area.

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During the fourth quarter of 2022, average monthly rents rose in all eight major metropolitan areas in the New England region. The average rent growth in seven metropolitan areas matched or exceeded the 4-percent average increase nationwide (CoStar Group). Average rents in seven of the metropolitan areas were higher than the \$1,624 average for the nation, including Boston, the metropolitan area with the highest rents in the region and the sixth most expensive in the nation, at \$2,641. The average rent rose in all 31 market areas in the Boston metropolitan area, ranging from 1 to 8 percent, including a 3-percent increase in the Metro West market area, to \$2,397. Throughout the region, average rent growth ranged from 3 percent in the Burlington metropolitan area to 7 percent in the Manchester metropolitan area.

The number of apartment units completed in the New England region during 2022 rose 29 percent to 18,450 units (Global Commercial Real Estate Services). Units completed in the eight largest metropolitan areas accounted for 86 percent of all the units completed during 2022, unchanged from the proportion in 2021. Completions rose in six of the eight major metropolitan areas in the region during 2022, including in the Boston metropolitan area, which accounted for 55 percent of all new apartment units completed in the region during the period, up from 46 percent a year earlier.

Multifamily building activity, as measured by the number of units permitted, increased in the region during the fourth quarter of 2022 from the same period 1 year earlier, with higher growth in two states.

During the fourth quarter of 2022 (preliminary data)—

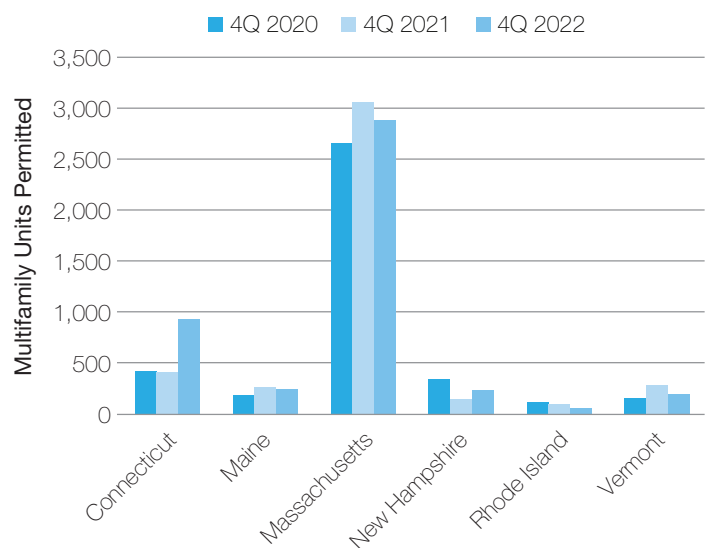
- The number of multifamily units permitted in the New England region rose to 4,550, an increase of 290 units, or 7 percent, after a 10-percent increase during the fourth

quarter of 2021. Nationally, multifamily construction declined 7 percent year over year during the fourth quarter of 2022, following an increase of 42 percent during the previous year.

- Multifamily permitting in Connecticut more than doubled to 930 units, and the Hartford metropolitan area contributed more than one-half of the net increase. Multifamily construction in New Hampshire rose by 90 units, or 62 percent, from 1 year earlier, including a 20-unit increase in the Manchester metropolitan area.

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Multifamily permitting rose in the New England region during the fourth quarter of 2022, with a significant increase in Connecticut.



4Q = fourth quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

Average rents increased year over year during the fourth quarter of 2022 in every major metropolitan area in the New England region, and apartment vacancy rates increased in all but one.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2021 (%)	4Q 2022 (%)	Percentage Point Change	4Q 2021 (\$)	4Q 2022 (\$)	Percent Change
Boston, MA-NH	Slightly Tight	4.3	5.0	0.7	2,534	2,641	4
Bridgeport, CT	Balanced	5.5	5.9	0.4	2,422	2,519	4
Burlington, VT	Tight	3.5	2.8	-0.7	1,617	1,662	3
Hartford, CT	Slightly Tight	3.5	4.5	1	1,418	1,488	5
Manchester, NH	Tight	1.8	2.6	0.8	1,750	1,864	7
Portland, ME	Tight	3.2	3.5	0.3	1,538	1,626	6
Providence, RI-MA	Tight	2.3	2.8	0.5	1,651	1,743	6
Worcester, MA-CT	Tight	3.0	3.4	0.4	1,666	1,738	4

4Q = fourth quarter.

Note: Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group

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- In Maine and Rhode Island, multifamily permitting decreased by 10 and 40 units to 250 and 60 units, respectively. Permitting was down by 60 units in both the Portland metropolitan area and the county of Providence, which is part of the Rhode Island portion of the Providence metropolitan area.
- Multifamily construction in Vermont declined by 85 units, or 30 percent, with a 60-unit decline occurring in the Burlington

metropolitan area. In Massachusetts, multifamily permitting declined to 2,875 from the 3,075 units permitted 1 year earlier, with the largest decrease in the number of units permitted occurring in the Massachusetts portion of the Boston metropolitan area; decreases of 290, 250, and 390 units in Essex, Middlesex, and Suffolk Counties, respectively, more than offset increases of 20 and 60 units in Norfolk and Plymouth Counties, respectively.

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1. The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.